

Message Text

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PAGE 01 LISBON 00543 262043Z

70

ACTION AGR-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 SS-15 L-03 PA-01

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R 261541Z JAN 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 5784

INFO USMISSION EC BRUSSELS

AMEMBASSY PARIS

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C O N F I D E N T I A L LISBON 0543

PASS AGRICULTURE/FAS/SHANKLIN

E.O. 11652: GDS

TAGS: EFIN, EAID, EAGR, PO

SUBJECT: GOP REQUEST FOR LARGE CCC CREDITS

BEGIN UNCLASSIFIED

1. FINANCE MINISTER SALGADO ZENHA WROTE PERSONAL LETTER TO AMBASSADOR LISTING AGRICULTURAL ITEMS VALUED AT SOME \$300 MILLION WHICH GOP WOULD LIKE TO IMPORT FROM U.S. UNDER COMMODITY CREDIT CORPORATION (CCC) FACILITIES. CITING PORTUGAL'S BALANCE OF PAYMENTS PROBLEMS, MINISTER REQUESTED THAT CCC CREDITS COVER AS MUCH AS POSSIBLE OF THESE IMPORTS AT THE MOST LIBERAL TERMS PERMITTED, I.E., THREE-YEAR REPAYMENT. MINISTER SALGADO ZENHA EXPRESSED GRATITUDE FOR ASSISTANCE ALREADY BEING GIVEN BY FRIENDLY NATIONS, REFERRING SPECIFICALLY TO USAID AND TO ANTICIPATED TITLE I P.L. 480 CREDITS.

2. SALGADO ZENHA LISTED FOLLOWING CY 1976 AGRICULTURAL IMPORTS THAT MAY BE PURCHASED FROM THE U.S.:

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 LISBON 00543 262043Z

ESTIMATED (CIF)

	VALUE	
METRIC TONS	(000 OF US DOLLARS)	
CORN	1,000,000	138,000
WHEAT	173,000	13,000
GRAIN SORGHUM	350,000	45,500
SOYBEANS	144,000	43,200
TALLOW	10,000	5,700
NONFAT DRY MILK	600	500
TOBACCO	215	600
COTTON	50,000	55,000
	301,500	

3. ALL THESE ITEMS, EXCEPT SOYBEANS, ARE ELIGIBLE FOR CCC CREDITS ACCORDING TO LIST AVAILABLE TO EMBASSY. DOES POSSIBILITY EXIST THAT SOYBEANS WILL BE ADDED AS RESULT OF 1975 U.S. CROP? MINISTER SALGADO ZENHA DID NOT INCLUDE RICE IN ABOVE LIST BECAUSE OF ANTICIPATED P.L. 480 PURCHASE, BUT GOP MAY WISH TO PURCHASE 10,000 TONS OR RICE THROUGH CCC IN ORDER TO SATISFY PROPOSED P.L. 480 UMR. END UNCLASSIFIED.

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4. COMMENT: EMBASSY STRONGLY RECOMMENDS THAT CCC CONSIDER GOP REQUEST WITH THE UTMOST SYMPATHY. WE WOULD HOPE THAT CCC COULD EXTEND CREDITS OF AT LEAST \$150 MILLION. SUCH A FACILITY WOULD GREATLY EASE GOP EFFORTS TO ASSURE ADEQUATE AGRICULTURAL SUPPLIES WITHOUT AGGRAVATING ITS SHORT-TERM BALANCE OF PAYMENTS PROBLEMS.

5. MINISTER SALGADO ZENHA AND SEVERAL OF HIS AIDES REPORTEDLY PLAN TO VISIT U.S. WITHIN THE NEXT FEW WEEKS. MAJOR PURPOSE OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 LISBON 00543 262043Z

VISIT IS TO HELP REJUVENATE U.S. BUSINESS CONFIDENCE IN PORTUGAL. MINISTER, HOWEVER, WOULD VERY MUCH LIKE TO RETURN TO PORTUGAL BEARING NEWS OF ADDITIONAL FOREIGN ASSISTANCE. THIS DESIRE IS, QUITE NATURALLY, SPARKED BY UPCOMING ELECTIONS, BUT ALSO BY WISH TO ESTABLISH COMPARISON WITH FRUITLESS VISITS OF OTHER GOP OFFICIALS TO EASTERN EUROPE AND MIDDLE EAST. EMBASSY SUGGESTS THAT U.S. VISIT OF MINISTER SALGADO ZENHA MAY BE OPPORTUNE TIME TO ANNOUNCE LARGE CCC CREDIT.

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